

House File 2531

S-5365

Amend House File 2531, as amended, passed, and
reprinted by the House, as follows:

1. Page 46, after line 5 by inserting:

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IRC COUPLING

Sec. _____. Section 15.335, subsection 1, paragraphs
b and c, Code Supplement 2009, are amended to read as
follows:

b. In lieu of the credit amount computed in
paragraph "a", subparagraph (1), an eligible
business may elect to compute the credit amount
for qualified research expenses incurred in this
state in a manner consistent with the alternative
~~incremental~~ simplified credit described in section
~~41(c)(4)~~ 41(c)(5) of the Internal Revenue Code. The
taxpayer may make this election regardless of the
method used for the taxpayer's federal income tax. The
election made under this paragraph is for the tax year
and the taxpayer may use another or the same method for
any subsequent year.

c. For purposes of the alternate credit
computation method in paragraph "b", the credit
percentages applicable to qualified research
expenses described in ~~clauses (i), (ii), and (iii)~~
~~of section 41(c)(4)(A)~~ 41(c)(5)(A) and clause (ii)
of section 41(c)(5)(B) of the Internal Revenue Code
~~are one and sixty-five hundredths percent, two and~~
~~twenty hundredths percent, and two and seventy-five~~
~~hundredths~~ four and fifty-five hundredths percent and
one and ninety-five hundredths percent, respectively.

Sec. _____. Section 15.335, subsection 4, Code
Supplement 2009, is amended to read as follows:

4. a. For purposes of this section, "*base amount*",
"*basic research payment*", and "*qualified research*
expense" mean the same as defined for the federal
credit for increasing research activities under section
41 of the Internal Revenue Code, except that for the
alternative ~~incremental~~ simplified credit such amounts
are for research conducted within this state.

b. For purposes of this section, "*Internal Revenue*
Code" means the Internal Revenue Code in effect on
January 1, ~~2009~~ 2010.

Sec. _____. Section 15A.9, subsection 8, paragraphs
b, c, and e, Code Supplement 2009, are amended to read
as follows:

b. In lieu of the credit amount computed in
paragraph "a", subparagraph (1), subparagraph division
(a), a business may elect to compute the credit amount
for qualified research expenses incurred in this
state within the zone in a manner consistent with the

1 alternative ~~incremental~~ simplified credit described in
2 section ~~41(e)(4)~~ 41(c)(5) of the Internal Revenue Code.
3 The taxpayer may make this election regardless of the
4 method used for the taxpayer's federal income tax. The
5 election made under this paragraph is for the tax year
6 and the taxpayer may use another or the same method for
7 any subsequent year.

8 c. For purposes of the alternate credit
9 computation method in paragraph "b", the credit
10 percentages applicable to qualified research expenses
11 described in clauses (i), (ii), and (iii) of section
12 ~~41(e)(4)(A)~~ 41(c)(5)(A) and clause (ii) of section
13 41(c)(5)(B) of the Internal Revenue Code are ~~three and~~
14 ~~thirty hundredths percent, four and forty hundredths~~
15 ~~percent, and five and fifty hundredths~~ four and
16 fifty-five hundredths percent and one and ninety-five
17 hundredths percent, respectively.

18 e. (1) For the purposes of this subsection,
19 "base amount", "basic research payment", and "qualified
20 research expense" mean the same as defined for the
21 federal credit for increasing research activities under
22 section 41 of the Internal Revenue Code, except that
23 for the alternative ~~incremental~~ simplified credit such
24 amounts are for research conducted within this state
25 within the zone.

26 (2) For purposes of this subsection, "Internal
27 Revenue Code" means the Internal Revenue Code in effect
28 on January 1, ~~2009~~ 2010.

29 Sec. _____. Section 422.3, subsection 5, Code 2009,
30 is amended to read as follows:

31 5. "Internal Revenue Code" means the Internal
32 Revenue Code of 1954, prior to the date of its
33 redesignation as the Internal Revenue Code of 1986
34 by the Tax Reform Act of 1986, or means the Internal
35 Revenue Code of 1986 as amended to and including
36 January 1, ~~2008~~ 2010.

37 Sec. _____. Section 422.7, subsection 53, Code
38 Supplement 2009, is amended by striking the subsection.

39 Sec. _____. Section 422.9, subsection 2, paragraph i,
40 Code Supplement 2009, is amended to read as follows:

41 i. The deduction for state sales and use taxes
42 is allowable only if the taxpayer elected to deduct
43 the state sales and use taxes in lieu of state income
44 taxes under section 164 of the Internal Revenue Code.
45 A deduction for state sales and use taxes is not
46 allowed if the taxpayer has taken the deduction for
47 state income taxes or claimed the standard deduction
48 under section 63 of the Internal Revenue Code. This
49 paragraph applies to taxable years beginning after
50 December 31, 2003, and before January 1, ~~2006~~ 2008, and

1 to taxable years beginning after December 31, 2008, and
2 before January 1, 2010.

3 Sec. _____. Section 422.10, subsection 1, paragraphs
4 b and c, Code Supplement 2009, are amended to read as
5 follows:

6 b. In lieu of the credit amount computed in
7 paragraph "a", subparagraph (1), subparagraph division
8 (a), a taxpayer may elect to compute the credit amount
9 for qualified research expenses incurred in this
10 state in a manner consistent with the alternative
11 ~~incremental~~ simplified credit described in section
12 ~~41(e)(4)~~ 41(c)(5) of the Internal Revenue Code. The
13 taxpayer may make this election regardless of the
14 method used for the taxpayer's federal income tax. The
15 election made under this paragraph is for the tax year
16 and the taxpayer may use another or the same method for
17 any subsequent year.

18 c. For purposes of the alternate credit
19 computation method in paragraph "b", the credit
20 percentages applicable to qualified research expenses
21 described in ~~clauses (i), (ii), and (iii) of section~~
22 ~~41(e)(4)(A)~~ section 41(c)(5)(A) and clause (ii) of
23 section 41(c)(5)(B) of the Internal Revenue Code
24 ~~are one and sixty-five hundredths percent, two and~~
25 ~~twenty hundredths percent, and two and seventy-five~~
26 ~~hundredths~~ four and fifty-five hundredths percent and
27 one and ninety-five hundredths percent, respectively.

28 Sec. _____. Section 422.10, subsection 3, Code
29 Supplement 2009, is amended to read as follows:

30 3. a. For purposes of this section, "*base amount*",
31 "*basic research payment*", and "*qualified research*
32 *expense*" mean the same as defined for the federal
33 credit for increasing research activities under section
34 41 of the Internal Revenue Code, except that for the
35 alternative ~~incremental~~ simplified credit such amounts
36 are for research conducted within this state.

37 b. For purposes of this section, "*Internal Revenue*
38 *Code*" means the Internal Revenue Code in effect on
39 January 1, ~~2009~~ 2010.

40 Sec. _____. Section 422.32, subsection 7, Code
41 Supplement 2009, is amended to read as follows:

42 7. "*Internal Revenue Code*" means the Internal
43 Revenue Code of 1954, prior to the date of its
44 redesignation as the Internal Revenue Code of 1986
45 by the Tax Reform Act of 1986, or means the Internal
46 Revenue Code of 1986 as amended to and including
47 January 1, ~~2008~~ 2010.

48 Sec. _____. Section 422.33, subsection 5, paragraphs
49 b, c, and d, Code Supplement 2009, are amended to read
50 as follows:

1 **b.** In lieu of the credit amount computed in
2 paragraph *"a"*, subparagraph (1), a corporation
3 may elect to compute the credit amount for
4 qualified research expenses incurred in this
5 state in a manner consistent with the alternative
6 ~~incremental~~ simplified credit described in section
7 ~~41(c)(4)~~ 41(c)(5) of the Internal Revenue Code. The
8 taxpayer may make this election regardless of the
9 method used for the taxpayer's federal income tax. The
10 election made under this paragraph is for the tax year
11 and the taxpayer may use another or the same method for
12 any subsequent year.

13 **c.** For purposes of the alternate credit
14 computation method in paragraph *"b"*, the credit
15 percentages applicable to qualified research expenses
16 described in ~~clauses (i), (ii), and (iii) of section~~
17 ~~41(c)(4)(A)~~ section 41(c)(5)(A) and clause (ii) of
18 section 41(c)(5)(B) of the Internal Revenue Code
19 ~~are one and sixty-five hundredths percent, two and~~
20 ~~twenty hundredths percent, and two and seventy-five~~
21 ~~hundredths~~ four and fifty-five hundredths percent and
22 one and ninety-five hundredths percent, respectively.

23 **d.** (1) For purposes of this subsection, *"base*
24 *amount"*, *"basic research payment"*, and *"qualified*
25 *research expense"* mean the same as defined for the
26 federal credit for increasing research activities under
27 section 41 of the Internal Revenue Code, except that
28 for the alternative ~~incremental~~ simplified credit such
29 amounts are for research conducted within this state.

30 (2) For purposes of this subsection, *"Internal*
31 *Revenue Code"* means the Internal Revenue Code in effect
32 on January 1, ~~2009~~ 2010.

33 Sec. _____. Section 422.35, subsection 24, Code
34 Supplement 2009, is amended by striking the subsection.

35 Sec. _____. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
36 APPLICABILITY.

37 1. This Act, being deemed of immediate importance,
38 takes effect upon enactment.

39 2. The sections of this Act amending sections
40 15.335, 15A.9, 422.3, 422.9, subsection 2, paragraph
41 *"i"*, 422.10, 422.32, and 422.33 apply retroactively to
42 January 1, 2009, for tax years beginning on or after
43 that date.

44 3. The sections of this Act amending sections
45 422.7, subsection 53, and 422.35, subsection 24, apply
46 retroactively to January 1, 2008, for tax years ending
47 on or after that date.>

48 2. By renumbering as necessary.

RANDY FEENSTRA